Exhibit 88 to the Cobb Declaration

(Dkt. No. 316-4)

REDACTED

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In Re:)
)
) Case No.2:21-cv-00563-JCC
VALVE ANTITRUST LITIGATION)
)

*** HIGHLY CONFIDENTIAL - ATTORNEYS' EYES ONLY ***

Video-Recorded Deposition of
ASHLEY LANGER, Ph.D.

June 21, 2024
9:13 a.m.
3800 West Starr Pass Boulevard
Tucson, Arizona

REPORTED BY: RICHAEL M. SILVIA, RMR, CRR, CRCR
Arizona CR No. 51017

Q. I think so.

And let me also ask this: So the -- and I'm not saying you have no basis for it, but the 30 percent headline revenue share in your Exhibit 3, that is an assumption you are introducing, not one that you imported from Dr. Schwartz's report. Would you agree?

MR. CASPER: I -- I object to the form of the question.

A. I feel like I've answered it, but it seems like you feel I haven't.

Let me just say that Dr. Schwartz's damages estimate is the -- is generated with, taking as one input, a Steam revenue share in the current world, his predictions of what a Steam revenue share would be in a but-for world, given his assumptions and his model. And yet in the real world, we see a lot of different revenue shares, including 10 percent and 30 percent.

I'm not making an assumption to say that there's an affirmative -- you know, that that's -- the 30 percent is right or that 10 percent is right. All I'm saying in this exhibit is that those are things that we -- Dr. Schwartz and I agree are observed in the real world.

We don't know from his model what happens in the but-for world, and so if you don't know what

happens in the but-for world, these are things that could happen. And so all I'm saying is because he hasn't specified it the way economists specify choices in markets, it could be anything in this gray range.

Q. (BY MR. LERAY) Okay. And -- okay. I understand what you're saying.

And so let me ask it -- a question this way: You would agree that the 10 percent and 30 percent data -- data points we see in Exhibit 3 are coming from the real world, correct?

A. I agree that those 10 percent and 30 percent are coming from the real world, yes.

Q. Okay. And Exhibit 3 is porting those numbers over from the real world into the but-for world, correct?

A. Exhibit 3 is pulling those numbers and, implicitly with the gray shading, any number in between into the but-for world, yes.

Q. Okay. But you're not offering an opinion that the 30 percent or the 10 percent number will actually occur in the but-for world, correct?

A. I'm not making any affirmative opinions in this report about what will occur in the but-for world.

I am saying that Dr. Schwartz's model does not meet the standards of what economists use to model

but-for worlds where actors in the model are making choices between different potential options. He has only specified in his but-for world what happens on Steam, not what happens with the choices.

Q. Okay. And in Exhibit 3 for the data points below the blue graph, those are data points where a publisher voluntarily pays a higher headline rate relative to the but-for Steam rate predicted by Dr. Schwartz, correct?

A. I'm just trying to unpack the question.

Q. Sure.

A. Sorry. Could you or the court reporter read it back.

Q. I'm happy to read it back. So --

A. Okay. Thank you.

Q. -- for the data points below the blue line in your graph, those are data points where a publisher voluntarily pays a higher headline rate relative to the but-for Steam rate, correct?

MR. CASPER: I object to the form of the question.

A. Okay. So I believe -- I'm not sure I have the colors worked out great. I think you mean below Dr. Schwartz's -- the line that's labeled as Dr. Schwartz's --

Q. (BY MR. LERAY) Correct?
A. -- damages estimate?
Q. Yes.
A. Okay.
Q. Yeah.
A. So the gray area below Dr. Schwartz's damages estimate, those are indicating publishers who are -- you know, so as we said repeatedly, [redacted] percentage points of Dr. Schwartz's market substitute from Steam to somewhere else.
Q. Yeah.
A. The question is: Where do they substitute to? Dr. Schwartz ends up with a Steam but-for revenue share in his model, which I can go find, but I'm not going to for the moment.

These are choices made by the publishers to substitute to platforms that, for whatever reason, are economically rational choices for them to make where they are paying higher revenue shares than they -- than Dr. Schwartz is assuming they would pay in his but-for.

So because those revenue shares in Dr. Schwartz's model depend on the tiers and everything else -- I can't tell you a precise number for each publisher without going into the data. But for each of these publishers, it is true that they are choosing to

pay a somewhat -- somewhat, slightly, substantially, depends on where in the gray you are, higher revenue share potentially because they're getting something better than they would get if they stayed on Steam in his but-for world.

Q. Okay. But you would agree that they would only pay a higher revenue share if it was economically rational to do so, as you just testified to, perhaps because they're getting something better than they would get if they stayed on Steam, right?

A. Yes. I believe you're reading back some of my testimony from just now.

So, yes, in the but-for world, Steam is a different platform. They were offering different revenue shares as -- you know, in Dr. Schwartz's but-for world, Steam is offering different revenue shares. It has different numbers of consumers, all of those things.

Other things will change in response to that in the industry. Other platforms will change their offerings and, perhaps, change their revenue shares, and publishers may make different decisions -- actually, have to make different decisions given how he's structured the change. And they are substituting to something that's economically rational for them.

Q. Okay. Can you turn to paragraph 119.
THE DEPONENT: Yes. Let me get it.
Okay. Just one moment and I'll read it.
(Deponent perused document.)
A. Okay. I'm there.
Q. (BY MR. LERAY) Okay. In paragraph 119, you claim that Schwartz is modeling the industry as one-sided. Do you see that?
A. Yes.
Q. Okay. Is it your opinion that a platform setting a price to only one side is a one-sided platform?
A. No. So let me be very clear about what my opinion is.
Q. Sure.
A. Dr. Schwartz and I agree that this industry -- these platforms are two-sided, and yet he is modeling the industry as one-sided. And he relies on a series of assumptions that come from the literature and argues that he can model a two-sided industry as one-sided.
And my opinion is that that -- those assumptions don't hold in this industry, and he cannot.
Q. Okay. So when -- when you say "he is modeling the industry as one-sided," you're referring

to his use of one-sided agency pricing in the damages model, correct?

A. Yes. Here we're in the section of my report talking about the damages model, and I'm talking about his model being a model of pricing between the platform and the publisher, not a model of the price set to the customers, the end purchasers, let's call them. And so that makes it one-sided.

Q. Okay. Would you agree that Dr. Schwartz cites two-sided platform economics literature throughout his report?

A. I agree, in particular, that here he is citing two papers by the same set of coauthors, Rochet and Tirole, in order to argue that he can model a two-sided industry as one-sided, if that's what you're asking.

Q. Well, I'm asking more generally. Throughout his report, he cites two-sided economics literature for his relevant market, for his platform competition model, et cetera, correct?

A. I agree that Dr. Schwartz is citing literature on two-sided markets in various places in his report, yes.

Q. And you agree that Schwartz opines that Steam is, in fact, a two-sided platform, correct?

price increase, one penny, would lead to zero sales.

Q. Okay. And would you agree that there's no evidence suggesting that's -- any game in this industry has perfectly elastic demand?

A. Again, I'm not forming an affirmative model here, and my assignment is to analyze Dr. Schwartz's model. That doesn't require me forming an opinion about whether anyone has perfectly elastic demand.

Q. Well, would you agree that as a matter of economic common sense there's no games that are subject to perfectly elastic demand in this industry?

A. I'm hesitating because that one is somewhat less clear than the alternative, than the inelastic demand. A small price increase leading to zero sales, I don't know. There are games that are quote/unquote sold for zero price, that are free. So I -- I don't know. I can't tell you an answer on that one.

Q. Okay. And would you agree that the more elastic demand a game has, the higher degree of pass-through there would be?

A. That depends. That depends explicitly -- as I said to start out, pass-through is a complicated object. It is not just a function of the elasticity of demand, so it depends.

Q. How about -- would you agree that more

elastic demand -- the more elastic demand a game has, the higher degree of pass-through there would be all else equal?

A. Just thinking through cases so...

(Pause in the proceedings.)

A. As has been my answer to some of your other questions about all else equal, we have to think about pass-through as an equilibrium object.

And so I haven't formed an opinion about what equilibrium objects look like in but-for worlds or what would change in elasticity of demand here. So I can't give you a definitive answer.

Q. (BY MR. LERAY) Okay. What are the factors that would influence pass-through other than price elasticity of demand?

A. So price elasticity of supply is a key one. Importantly, how a publisher's, in this example, willingness to provide goods changes as their marginal costs change. It's one way to think about what the price elasticity of supply is. Or -- sorry. Let me correct that.

How a publisher's willingness to produce goods changes as its price, its sales price changes is the correct statement. So that's price elasticity of supply, and also the structure of competition, which

can be very multifaceted.

So all of those things will affect pass-through.

Q. Okay.

A. So that means not just my own game's price elasticity of demand and my own price elasticity of supply but also those of my rivals, those of other customers, what's going on in the platform. All of those things will enter.

Q. Earlier today we talked about how -- well, you've offered opinions that game publishers are profitable, right?

A. I have offered opinions that game publishers have positive long-run economic profits as a whole, as evidenced by the lack of substantial entry -- or sorry -- substantial exit in this market, in this industry and the evidence we talked about in that footnote and elsewhere in my report.

Q. So would you agree then that game publishers do not operate in a perfectly competitive market as economists use the term?

A. As economists use the term "perfect competition," it implies zero long-run economic profits. And so let me say that zero long-run economic profits mean that firms stay in the industry.

So -- so this is not part of my assignment, and I would want to think about whether I could rule out perfect competition. It would depend on a bunch of assumptions that I haven't thought through because they're not part of my assignment.

Q. Okay. Would you agree that if pass-through is anything above zero -- or I'm sorry -- anything less than 100 percent, then the publisher is harmed by at least epsilon?

MR. CASPER: Object to the form of the question. Are -- are you assuming that there are damages that have been proven.

MR. LERAY: Correct. Yeah.

Q. (BY MR. LERAY) I'm asking you -- so assuming that there's been an overcharge demonstrated in the case, would you agree that if pass-through is anything less than 100 percent, the publisher is harmed to at least some degree?

A. That depends. I -- I -- as we've said, overcharge is about dollars of -- paid in terms of revenue share. What matters are profits and sales and quality of the platform and all of those things.

And so you need to specify more for me to be able to tell you whether pass-through of less than 100 percent is leading to harm for every class member.

Q. Okay. Let me see if I can ask it in a way that satisfies that. Let me think.

So assuming that we've already accounted for profits and sales and quality of the platform and all of those things and the jury determines that there was an overcharge, would you agree that the publisher incurred at least a portion of that overcharge provided pass-through is less than 100 percent?

A. So I believe you're saying that the Court has determined there was an overcharge conditional on -- what did you say? Quality?

Q. Yeah. So there's been a determination after accounting for all of the quality factors and others that you testified to. So let's say we're at the damages phase. I don't want to use a legal terminology, but essentially, liability has already been determined. There is an overcharge. My question is, would you agree that if pass-through is less than 100 percent, the publisher bears at least some of the harm from that overcharge?

A. Let me just think about the hypothetical for a moment.

So how -- the pass-through has to be accurately measured. And so that would require -- my opinion in this case is that that would require

individual inquiry to accurately capture a pass-through rate.

If we conducted individual inquiry into this publisher -- this particular publisher's pass-through rates and found that it was less than 100 percent and that all of the other criteria I'm laying out in the report about all -- you know, all of my other concerns about how we should accurately capture -- well, I'm not -- my -- in my report, I'm saying that Dr. Schwartz has not met all those other standards. But you're telling me in this hypothetical that somehow they were met. Then there would be some harm to that particular publisher, but that would not tell me that there is harm to all publishers.

Q. Understood. Have you identified any scenarios in this case where it's your view that there would be 100 percent pass-through of the overcharge to a consumer?

A. I believe we have a deposition where a potential class member is testifying to 100 percent pass-through. I believe that's a Wolfire deposition.

Q. I think I know what you're talking about. Let me see if I can find that too.

MR. CASPER: Page 54 in Footnote 136.

MR. LERAY: Yeah.

A. Okay. So in Footnote 136, this is a named plaintiff, Wolfire Games. This is the 30(b)(6) deposition of David Rosen.

The question is: What is the pricing experiment you're referring to?

Answer: Passing on all of the savings from various commission rates onto customers.

Question: Would Wolfire in that scenario, keep any of the, as you put it, commission rate savings?

Mr. Golden: Objection to form.

The witness: No.

By Mr. Skok, Question: It would all get passed through to customers?

Answer: Yes.

Q. (BY MR. LERAY) Are you adopting the testimony of this fact witness to be true as an economic matter?

A. No. I am using this as evidence that there are lots of different economic outcomes that are possible and that Dr. Schwartz has not considered some economic outcomes that people have testified might occur in this industry.

Q. Would you agree that to reach 100 percent pass-through, the game would have to be subject to

perfect competition in the economic sense?
A. No. Explicitly, this is an example where there are all sorts of things in the real world that may lead to various pass-through rates of zero percent or 100 percent that are not perfect elasticity or imperfect -- or perfectly elastic or perfectly inelastic, perfect competition; that in the real world, publishers may care about perceptions from customers, things like that, that make passing through changes in costs 100 percent economically optimal for them.
Q. Now, in Footnote 136, you say, "This example" may -- "might be realistic for many publishers."
Do you see that?
A. I do see that.
Q. You're inferring that results from this one deposition snippet of David Rosen of Wolfire, correct?
A. The sentence says, "This example might be realistic for many publishers." Here's an example. This is providing an economic force, this perceptions of customers, that may make firms want to do this, publishers want to do this. I stick by that sentence.
Q. Okay. Have you conducted any economic studies about how often publishers would pass through 100 percent of any cost savings to consumers?
A. So I haven't, but Dr. Schwartz has. So if we

percent demonstrate the unreliability of this empirical strategy, right?

A. That is what I say.

Q. Okay. So are you expecting that his empirical strategy would result in pass-through rates between zero and 100 percent?

A. If he had written down a model of imperfect competition that generated different pass-through -- you know, pass-through rates, for some reason, above 100 percent or below zero percent, then having an empirical strategy that supports that would be -- would make sense.

Here, he doesn't have that. He has no model of consumer choices, consumer substitution, which would lead to consumer price elasticity of demand. And he has a very limited model of the relationship between the platform and the publisher. And his empirical strategy is generating these incredibly varied pass-through rates. They're all over the place as shown in Exhibit 2 on page 56.

And if he had a valid empirical strategy, either that wouldn't happen or he would have a model that supports it, and he has neither. So it's -- he's stuck. It doesn't make sense.

Q. Okay. Are you offering the opinion that his

model of pass-through assumes perfect competition?

A. His empirical model of pass-through assumes -- makes some heroic assumptions. It assumes that he's using somewhat of a before-after empirical strategy where it's before or after the -- the game hits a revenue share -- sorry -- a revenue threshold to trigger a lower revenue share. In order to do that, it needs to be the case that nothing else changes in the before period relative to the after period.

He's also assuming that these 124 games are representative of the industry as a whole, of the 90,000 games of the industry. They are not, and he says in his deposition that they are not.

And then on top of that, he's assuming that he can take the median pass-through rate from these 124 pass-through rates that he estimates and use it in this case.

He's not assuming perfect competition, but there are some heroic and, I think, unreliable assumptions there, and those are leading to unreliable estimates.

Q. Yeah. Are the assumptions you view as unreliable -- what are those unreliable assumptions?

A. So I just explained some assumptions. Let me explain why it's not just me who would find those

unreliable, why these are not up to economic standards.

He is taking a before and after around a point when a video game hits a certain revenue threshold. This revenue -- this is in the time when Valve has decided to introduce revenue tiers in response to changing conditions in the industry.

And he's using a year before and a year after a game hits this revenue cutoff. Those are often -- those are occurring after -- late 2018, so into 2019. We all know that 2020 was a really different year. COVID hit. Lots of things happened in 2020, and that's his after.

Beyond that, video games, as they age, they are often offered at lower prices. So taking a year before or a year after a game hits some revenue threshold doesn't make economic sense to compare the prices before and after and say that's only an effect of hitting that threshold. That's just one of the assumptions.

A second assumption is that these 124 games can represent the entire class of 90,000 games. These are 124 games that sold at least $10 million worth of revenue of Steam. There are so many small games on Steam that are never going to hit $10 million of revenue, and to say that what these 124 games do

represent those games, doesn't make economic sense.

Additionally, he then goes to a pass-through rate of 20 or 25 percent, which he takes as a median from these 124 games. We see in my Exhibit 2 that for those 124 games, pass-through rates, as estimated with Dr. Schwartz's unreliable methodology, range from negative 200 percent to almost positive 200 percent.

And, in fact, there are only -- let me be precise, four games or 3.2 percent of the minuscule percentage of the total number of games on Steam that actually had pass-through rates as estimated by Dr. Schwartz is between 20 and 25 percent. Yet he's going to apply those numbers class-wide. That doesn't make economic sense.

Q. Okay. Have you heard of the economic concept of a natural experiment?

A. I have.

Q. Okay. What is a natural experiment?

A. So, in fact, my -- one of my committee members in graduate school just won a Nobel Prize for this, David Card. He -- he used an example of the Mariel boat lift as a way to think about how immigration affects natives' wages.

And so the idea in any natural experiment is to try to use an event, ideally one that happens

randomly and where nothing else changes that's imposed from the outside. So, for instance, in that context, he was arguing that, you know, Castro leading to a large number of Cubans leaving Cuba was not related to demand for labor in Miami in that period.

And you can then -- if it meets certain assumptions about things being similar, you can use a natural experiment to recover the impact of a change on outcomes in a market.

Q. Okay. Would you agree that the introduction of Valve's tier system constitutes a natural experiment?

A. No.

Q. Why not?

A. So in a natural experiment, you need to assume that nothing else differs other than this thing that you're looking at. Explicitly, as I've explained, lots of things are changing in this environment, in this industry when the revenue share -- revenue threshold is met for these games to have a lower revenue share.

First of all, Steam is introducing this revenue share policy in response to changing market conditions.

Secondly, there are changing things going on

such as COVID, such as changes in demand, such as changes in the industry that you need to take into account.

Third, there are changes in the product's life-cycle. We could go on and on.

The point here is that you need to -- to have an accurate natural experiment that reflects the actual pass-through, you need to meet certain assumptions. And they're not met here, and they're explicitly not met with a year of data before and a year of data after. Dr. Schwartz isn't showing that they're met because he can't.

Q. Would you agree that to conduct a natural experiment there needs to be a change, an event?

MR. CASPER: Objection, asked and answered.

MR. LERAY: Sure.

A. Yeah. I've -- I've said that.

Q. (BY MR. LERAY) Okay. Are you aware of any other revenue share changes in the record other than introduction of Valve's revenue tiers?

A. I am not aware of any changes that Valve made to the revenue share of Steam, and yet that does not rule out that one could not recover estimates of pass-through in a reasonable way. But I am not aware of any -- any other revenue share changes that Valve

made.

Q. Understood. And you do not -- I'm pretty sure I know the answer.

You do not offer an opinion about a superior way to estimate revenue share other than the approach Dr. Schwartz opines on in his report?

A. As I said, it's not part of my assignment.

Q. Okay.

A. I do not.

Q. Are you familiar with the concept of focal-point pricing?

A. I am familiar with the concept.

Q. Okay. And what is focal-point pricing?

A. Let me get to the right part of my report. Just one moment.

Q. Sure.

A. So focal-point pricing, in the context of my report, refers to the idea that publishers may want to offer similar prices because customers may be concerned, upset, something when they see the same game offered at different prices.

Q. Okay. I actually had in mind a different idea of focal-point pricing.

So as Schwartz -- Schwartz offers opinions about it, he explains that publishers may have a

tendency to stick to certain prices, like 59.99 or 9.99.

Are you familiar with -- with that definition of focal-point pricing?

A. So that's not a part of Dr. Schwartz's report that I was assigned to respond to. That's not something that I'm providing opinions on.

Q. Okay. So you have no critiques to offer about Schwartz's focal-point pricing analysis?

A. I am not a -- my assignment was not to respond to Dr. Schwartz's focal-point price analysis, no.

MR. LERAY: Okay. All right. I would propose let's take a break.

THE VIDEOGRAPHER: All right. We're going to be going off the record. The time is now 4:29.

(Recess taken from 4:29 p.m. to 4:49 p.m.)

THE VIDEOGRAPHER: We are back on the record. The time is now 4:49.

Q. (BY MR. LERAY) Professor Langer, what are Steam keys?

A. Steam keys are a way for Steam to allow publishers to make transactions off of Steam that consumers can -- where the consumers can purchase a game off of Steam and redeem a code on Steam and use it

So, explicitly, as I said before, in Exhibit 4, the blue solid and dashed lines that you're referring to refer to redemptions and issuances of Steam keys being the same in the as-is and but-for worlds. I'm not saying that that's a reliable assumption here for understanding harm or damages. We are referring to Dr. Schwartz's damages model in this section of my report.

And so I have made some assumptions here that I think demonstrate that Steam keys matter. Here, in fact, I'm assuming that they stay the same. I'm not saying that that's a reliable assumption for exactly the reasons I've explained before, massive change in market share. It's hard -- you know, we need to understand, as economists, how things are going to change in the market, including Steam keys.

Q. (BY MR. LERAY) Yeah. Setting aside reliability for a moment, would you agree that under the blue alternative assumptions you put into Exhibit 4, all class members are harmed?

MR. CASPER: Object to the form of the question.

A. I'm not going to put aside reliability. Reliability is -- is part of my assignment. Understanding the reliability of Dr. Schwartz's

estimates is what I'm trying to do here, and what I'm demonstrating in this image in this exhibit is that making alternative assumptions about Steam keys can lead to negative damages or a zero on this harm, zero-one.

It can lead to, as I say in paragraph 154 where we started, up to 13,242 publishers in my approximations being worse off in the but-for world, so who are not harmed and, in fact, would be harmed in Dr. Schwartz's but-for.

I am not putting these forward as affirmative estimates of any damages or harm.

Q. (BY MR. LERAY) The 13,242 publishers' result, is that associated with the red line?

A. I believe that is associated with the red solid line.

Q. Okay. So have you heard of the single overcharge rule?

MR. CASPER: Object to the form of the question. Are you referring to an economic rule or a legal rule?

Q. (BY MR. LERAY) Do you understand the question?

A. I don't.

Q. Okay. Have you ever heard of a legal concept

of a single overcharge rule?
A. I'm not sure whether I have, but I'm here as an economics expert.
Q. Okay. The revenue share paid on a specific Steam store transaction is pursuant to the SDA, correct?
A. Sorry. Say that one more time.
Q. Sure. The revenue share paid on a specific Steam store transaction is set pursuant to the SDA, correct?
A. I -- that's not part of my assignment to know precisely where it's coming from. It's not part of my assignment.
Q. Sure. I'll remove the word "pursuant."
Would you agree that the revenue share paid on a specific Steam store transaction is determined based on Valve's tier system?
A. I don't know. You might want to rephrase.
Q. Okay. Would you agree that the revenue share a publisher must pay to Valve in connection with a Steam store transaction is determined based on Valve's tier system?
A. I think it depends.
Q. Okay. What does it depend on?
A. Well, there was no tiered system before 2018.

Q. Okay. Fair point.
Would you agree that before Valve introduced the tiered system in 2018 publishers paid a 30 percent revenue share to Valve in connection with the Steam store transactions?
A. I believe again it depends.
Q. And what does it depend on?
A. I believe that Dr. Riet- -- I'm sorry. I don't know how to pronounce his name -- Rietveld said that the 30 percent revenue share only came into being in 2000 -- approximately 2011.
Q. Okay. From 2011 to 2018, would you agree that publishers paid a 30 percent revenue share to Valve in connection with Steam store transactions?
A. It's not part of my assignment to know whether that's 100 percent true.
Q. Okay. Is it your first order of understanding?
MR. CASPER: Object to the form of the question.
A. I'm just looking at where I quote Professor Rietveld.
Q. (BY MR. LERAY) Sure.
A. So Professor Rietveld is quoted in my report on page 124.

Q. Okay.
A. Says, It was not until in or around 2011 that Valve began to execute most of its developer agreements at a 70/30 revenue share. So most -- I can go with most developer agreements at a 70/30 revenue share.
Q. Okay. Can you turn to page 59 of your report. In paragraph 59, you say that --
A. Sorry. Paragraph 59 or page 59?
Q. Paragraph 59, page 27. Sorry.
A. Sorry. I'm not there.
(Deponent perused document.)
A. Okay. I'm there.
Q. (BY MR. LERAY) Okay. You say that this means that for games -- games consumers purchase on Steam, Valve pays 70 percent of net revenue to the publisher, right?
A. Explicitly, that sentence says that Steam, along with many of its competitors, has headline revenue share rate -- has a headline revenue share rate of 30 percent. This means that for games consumers purchase on Steam, Valve pays 70 percent of net revenues to publishers.
Q. So that's true?
A. So headline publisher -- yes, I'm happy with that statement.

Q. Okay. Well, you say that Valve pays 70 percent of net revenue to the publisher, right?

A. As a headline revenue share.

Q. In the second sentence, there's no reference to headline revenue share, correct?

A. In the context of that paragraph, that's what that's saying, that headline revenue share is paying 70 percent of net revenue to the publisher.

Q. Okay.

A. Explicitly at the top of the next page, I say, "Throughout my report, I refer to Steam's 30 percent revenue share rate as its, quote, headline revenue share rate."

Q. Okay. And you distinguish headline revenue share rate from the -- the tiered system that was introduced in 2018, right?

A. I say that when I'm considering the additional revenue share tiers, I refer to nominal revenue share rates, et cetera, as -- as is in that paragraph.

Q. Okay. So before the revenue share tiers were introduced, Valve had a 30 percent revenue share, correct?

A. A 30 percent headline revenue share. I agree with -- as I wrote.

Q. Okay. And the volume of Steam keys a publisher use -- uses in the real world does not affect its revenue share rate paid on a Steam store transaction, correct?

A. It affects its effective revenue share rate.

Q. Okay.

A. It affects the share of its revenue that it earned -- that it, the publisher, earned via Steam that it pays to Valve.

Q. And is that true for a specific transaction in the Steam store?

MR. CASPER: I object to the form of the question.

A. I guess that depends on what we mean by transaction. If a consumer redeems a Steam key on Steam, that is a type of transaction. There's no revenue share paid on that transaction.

Q. (BY MR. LERAY) Okay. Yeah.

A. If --

Q. Yeah. I agree that there's other types of transactions. I'm talking about a transaction in the Steam store. For such a transaction, the revenue share was 30 percent before the tiered system was introduced and then subject to the tiered system after that, right?